



DEPARTMENT OF THE NAVY
SPACE AND NAVAL WARFARE SYSTEMS COMMAND
WASHINGTON, D.C. 20363-5100

SPAWARINST 4860.14A
SPAWAR 221-1

29 JUL 1991

SPAWAR INSTRUCTION 4860.14A

From: Commander, Space and Naval Warfare Systems Command

Subj: CONTROL, ACCOUNTABILITY AND REDUCTION OF GOVERNMENT PROPERTY

Ref: (a) SECNAVINST 4862.8A
(b) NAVMATINST 4860.14B
(c) ASSTSECNAV SL memo of 7 Feb 86, subject "Phase-Down of Government Owned Facilities Accountable to Contractors"
(d) Federal Acquisition Regulation (FAR) (Part 45), DOD FAR Supplement (DFARS) (Part 245)
(e) SECNAVINST 4210.6A
(f) SPAWARINST 5000.13B
(g) SPAWARINST 4401.1E
(h) SPAWARINST 10290.2C
(i) SPAWARINST 11016.2B
(j) SPAWARINST 4440.9

Encl: (1) D&F Authority to Provide Facilities
(2) DD Form 1662
(3) Contractor Procedures for Government Furnished Property
(4) SPAWAR Facilities D&F Report

1. Purpose. To publish policy, responsibilities and procedures for the control, accountability and reduction in quantity of all government property furnished to or acquired by contractors for use within the scope of contracts under the cognizance of the Space and Naval Warfare Systems Command and to implement the policy and direction in references (a) through (f).

2. Cancellation. SPAWARINST 4860.14.

3. Scope. This instruction is applicable to all contracts or contract modifications awarded as a result of Procurement Requests (PRs) or Modification Requests (MRs) under which the government will retain title for government property, including government furnished property (GFP) and contractor acquired property (CAP). Application for contractor acquired property is limited to CAP provided under cost type contracts.

4. Background

a. Due to the diverse nature of the Navy product line, contractors have historically been provided with various types and quantities of government property (GP). Insufficient effort has been given to maintaining control and accountability of this property. As a result, many items of excess GFP

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have accumulated in contractor plants and installations. Without a verifiable audit trail, SYSCOMs often relied solely on the input of contractors for information on the quantity and cost of this material. An aggressive GP monitoring program is necessary.

b. An increased focus on GP management led to the promulgation of reference (a), which directs an orderly phase-down of current government ownership of such property and use of contracting methods that encourage maximum capital investment by private industry in industrial facilities. Reference (a) issued uniform policy governing the acquisition and management of facilities. It encouraged contractors to carry a level of risk and investment in capital equipment for government contracts comparable to normal commercial practice. Regulations implementing P.L. 99-500 allow amortized repayment of the total costs of production Special Tooling (ST) and Special Test Equipment (STE) on a one-time buy or 50 percent if future contracts will be awarded to the same contractor for same or similar items. Reference (b) established a phase down program for government ownership of facilities at contractor's plants with a reduction goal of five percent of acquisition cost yearly. It also required a yearly progress report (NAVMAT 4860-7) which was further defined in reference (c) to encompass land, real property, industrial plant equipment (IPE), and other plant equipment (OPE) within Government Owned Contractor Operated (GOCO) facilities and Contractor Owned Contractor Operated (COCO) facilities.

5. Definitions

a. Government Property. All property owned by or leased to the government or acquired for the government under the terms of the contract. It includes both government furnished property and contractor acquired property.

(1) Contractor Acquired Property (CAP). Property acquired or otherwise provided by the contractor for performing a contract and to which the government has title.

(2) Government Furnished Property (GFP). Property in the possession of, or directly acquired by, the government and subsequently made available to the contractor.

b. Facilities. Property used for production, maintenance, research, development or testing. Facilities include plant equipment and real property. Facilities do not include material, special test equipment (STE), special tooling (ST) or agency peculiar (military) property. When used in a facilities contract, the term includes all property provided under the contract.

c. Plant Equipment (PE). Personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, accessory and auxiliary items excluding special tooling and special test equipment) for use in manufacturing of supplies, in performing services, or for any administrative

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or general plant purposes. It does not include special tooling or special test equipment. Plant equipment is segmented as follows:

(1) Industrial Plant Equipment (IPE). That part of plant equipment with an acquisition cost of \$5,000 or more; used for the purpose of cutting, abrading, grinding, shaping, forming, joining, testing, measuring, heating, treating, or otherwise altering the physical, electrical or chemical properties of materials, components or end items entailed in manufacturing, maintenance, supply, processing, assembly, or research and development operations.

(2) Other Plant Equipment (OPE). That part of plant equipment, regardless of dollar value, which is used in or in conjunction with the manufacture of components or end items relative to maintenance, supply, processing, assembly or research and development operations, but excluding items categorized as IPE.

d. Real Property. Land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment.

e. Personal Property. Property of any kind or any interest therein, except real property, records of the federal government, and naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines.

f. Material. Property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. It includes assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in performing a contract.

g. Special Test Equipment (STE). Either single or multi-purpose integrated test units engineered, designed, fabricated, or modified to accomplish special-purpose testing in the performance of the contract. It consists of items or assemblies of equipment including standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. Special test equipment does not include material, special tooling, buildings, and nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), and plant equipment items used for general plant testing purposes.

h. Special Tooling (ST). Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacement of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the

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development or production of particular supplies or parts thereof or to the performance of particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items.

i. Government-Owned Contractor-Operated (GOCO) Facility. Any facility (as defined in 5b above) that is owned by the government, either through procurement directly by the government or indirectly by a contractor with the title vested in the government, and operated by a contractor for the government. A GOCO facility may be stand-alone (e.g., a munitions manufacturing plant that is isolated from any other government facility) or collocated with other GOCO facilities (e.g., a contractor-operated warehouse on a base).

j. Contractor-Owned Contractor-Operated (COCO) Facility. Any facility (as defined in 5b above) that is exclusively owned and operated by a contractor or group of contractors, i.e., not owned or operated by the government.

k. Plant Equipment Package (PEP). A complement of active and idle PE that has been formally approved for retention, in accordance with criteria and procedures in DOD Directive 4275.5 and in DIA 4215.1-M.

l. Acceptance Test Equipment. Test equipment which is: (1) clearly identifiable by function, (2) dedicated exclusively to the particular system or component, and (3) designated exclusively to the function of making the final determination for acceptance by the government.

m. Contractor Inventory. Any property acquired by and in the possession of a contractor or subcontractor (including government furnished property) under a contract pursuant to the terms of which title is vested in the government, and in excess of the amounts needed to complete full performance under the entire contract, and any property which the government is obligated or has the option to take over under any type of contract as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), prior to completion of the work, for the convenience or at the option of the government.

n. Salvage. Personal property that has some value in excess of its basic material content but which is in such condition that it has no reasonable prospect of use for any purpose as a unit (either by the holding or other federal agency), and its repair or rehabilitation for use as a unit is clearly impracticable. Repairs or rehabilitation estimated to cost in excess of 65 percent of acquisition cost would be considered "clearly impracticable" for purposes of this definition.

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o. Scrap. Personal property that has no value except for its basic material content.

p. Excess/Surplus Personal Property. Any personal property under the control of SPAWAR Headquarters or a SPAWAR activity which is not required for its needs and for the discharge of its responsibilities.

q. Agency-Peculiar Property. Government-owned personal property that is peculiar to the mission of one agency (e.g., military or space property). It excludes Government material, special test equipment, special tooling, and facilities.

r. Government Furnished Equipment (GFE). Equipment furnished to contractors for shipboard installation, repair, or rework.

6. Policy

a. The Space and Naval Warfare Systems Command policy is that contractors shall under normal circumstances provide all facilities required for program execution. Production special tooling and special test equipment shall be provided in accordance with DFARS 215.873. In those exceptional instances where government property is essential for meeting SPAWAR requirements, government property shall be furnished to, or acquired by any contractor (including non-profit organizations) of any SPAWAR activity only when approved by the appropriate reviewing authority as detailed in this instruction in enclosure (1). Government property records shall not be intermingled with records for project material (defined in reference (g)), organizational issue material (defined in reference (h)), and/or Class 3 and 4 plant and minor property (defined in reference (i)). Government records shall be maintained in a centralized automated system for government property as defined in this instruction and other property as defined in references (g), (h), and (i). Records shall be maintained by SPAWAR activities in one centralized area to facilitate control.

b. The Secretary of the Navy has established a goal of reducing all forms of GP, including facilities as defined herein, in the hands of defense contractors by five percent per year. GOCO facilities/contracts, including all property therein, are to be minimized consistent with the need to ensure continued support of essential peacetime, surge, and mobilization requirements. No funding is to be expended in support of GOCO industrial facilities for replacement/restoration (R/R) of government plant equipment in Navy programs or PEP located in COCO plants.

c. A formal oversight and reporting program shall be established to ensure the proper issue, accountability and monitoring of government property. The responsibility for administration is assigned to the SPAWAR Command Property Manager (CPM). The SPAWAR CPM will provide policy guidelines and coordinate and consolidate all SPAWAR element inputs and external data

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requirements for the Command's oversight operation. The on-site accountability for property once it has been furnished to, or acquired by, contractors shall be the responsibility of the Defense Contract Management Command (DCMC) or other designated Contract Administration Office (CAO). Where contract administration functions are retained by SPAWAR headquarters or a SPAWAR activity, the on-site accountability for property once it has been furnished to, or acquired by, contractors shall be the responsibility of the Contracting Officer's Technical Representative (COTR), the Navy Technical Representative (NTR), the Property Administrator (PA), or the Ordering Officer. Each SPAWAR headquarters acquisition code and SPAWAR activity, regardless of the assigned contract administration function, prior to the release of any government furnished property, shall verify and document the proper issue, use and accountability of such property.

d. This instruction is applicable to all classified (covert) programs that fall within its scope. In the event a SPAWAR code or SPAWAR activity feels that release of summary data could adversely impact a classified program, the activity should contact the SPAWAR Security Officer, SPAWAR 00H, for guidance.

e. Reference (j) publishes the Command policy instruction to control the access to DOD material inventories by defense contractors.

7. Responsibilities

a. The Acquisition Review Board (ARB) shall review and make decisions on government property authorization relative to acquisitions associated with major SPAWAR programs.

b. SPAWAR 02 shall:

(1) Verify that all contracts calling for government furnished property meet the requirements of references (d) and (e) and clearly delineate government furnished property for each prospective contract, and that when government facilities are provided, a Determination and Finding (D&F) is approved by the appropriate reviewing authority, as defined in NAPS 45.302-1(a)(4).

(2) Ensure that investment incentives to motivate contractors to invest private funds are included in SPAWAR contracts as appropriate. These incentives include multi-year contracts or value engineering incentive provisions to share savings resulting from contractor capital investment.

(3) Provide any property related information required by the CPM pertaining to contractual matters.

(4) Transfer government property from one contract to another only when a specific list identifying each item is incorporated in the contract or

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contract modification accomplishing the transfer. "Blanket" transfer by reference (i.e., merely citing "all" government property accountable under one contract being transferred to another contract) is specifically prohibited.

(5) Cease using no-cost storage agreements and ensure that the storage of government property be separately priced and fully funded to include all allocable costs; and require justification for continued storage.

(6) Provide a report, in the format of enclosure (4), to SPAWAR 22, the Command CPM, by 30 November annually.

(7) Ensure that enclosure (1) is included in business clearance documents prior to contract award or in the contract file when the acquisition or furnishing of government facilities is authorized during contract performance in accordance with reference (d). See NAPS 1.690-9(d), Table 1-90, Section II (q).

(8) Ensure that no solicitation, contract, or contract modification containing government facilities is issued without including a signed copy of enclosure (1). The original of the D&F shall be included in the contract file. For indefinite delivery type contracts, the D&F may be made on the initial award vice individual delivery orders.

c. SPAWAR activities shall:

(1) Verify that all contracts calling for government furnished property meet the requirements of references (d) and (e) and clearly delineate government furnished property for each prospective contract, and that when government facilities are provided, a Determination and Finding (D&F) is approved by the appropriate reviewing authority, as defined in NAPS 45.302-1(a)(4).

(2) Ensure that investment incentives to motivate contractors to invest private funds are included in SPAWAR contracts or value engineering incentive provisions to share savings resulting from contractor capital investment.

(3) Utilize enclosure (3) as guidelines for contracts administered by a SPAWAR activity.

(4) Provide any property related information required by the CPM pertaining to contractual matters.

(5) Transfer government property from one contract to another only when a specific list identifying each item is incorporated in the contract or contract modification accomplishing the transfer. "Blanket" transfer by reference (i.e., merely citing "all" government property accountable under one contract being transferred to another contract) is specifically prohibited.

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(6) Specify in the SOW that the contractor is required to submit an annual DD Form 1662, DOD Property in the Custody of Contractors, to the contract administration office and that the contractor is required to notify the requiring activity, in writing, that government property is no longer required and shall be disposed of in accordance with the requiring activity's direction (as directed by the program manager). Specify in the DD 1423, Contracts Data Requirements List, that a copy of the DD 1662 shall be provided to the SPAWAR activity no later than 31 October of each year and at the time contracts are closed-out and the property balance becomes zero (as specified by the technical manager).

(7) Cease using no-cost storage agreements and ensure that the storage of government property be separately priced and fully funded to include all allocable costs; and require justification for continued storage.

(8) Provide a report, in the format of enclosure (4), to SPAWAR 22, the Command CPM, by 30 November annually.

(9) Ensure that enclosure (1) is included in business clearance documents prior to contract award or in the contract file when the acquisition or furnishing of government facilities is authorized during contract performance in accordance with reference (d). See NAPS 1.690-9(d), Table 1-90, Section II (q).

(10) Ensure that no solicitation, contract, or contract modification containing government facilities is issued without including a signed copy of enclosure (1). The original of the D&F shall be included in the contract file. For indefinite delivery type contracts, the D&F may be made on the initial award vice individual delivery orders.

d. SPAWAR PDs/30/004/005/(and other headquarters codes functioning in an acquisition capability) shall:

(1) Evaluate all future program needs in terms of the increased emphasis on the goal of reducing government property accountable to contractors and consider all alternative, cost-effective measures that are available in lieu of providing government property.

(2) Analyze critically those program requirements that give rise to the need for facilities and certify the requirement using the format of enclosure (1). Ensure that no PR or MR containing government facilities is issued without including a signed copy of enclosure (1). The approval for the D&F shall be in accordance with reference (d) and as detailed in enclosure (1).

(3) Establish an automated listing of government furnished property to be provided to contractors, prior to releasing the GFP to the contractor. Minimum data elements in the automated system will include the following: contract number, item name and National Stock Number (if known), quantity, unit price (acquisition or manufacture/fabrication), scheduled date of return, date of annual requirement validation, and date of disposition.

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(4) Designate in writing each fiscal year, or as reassignment of personnel occurs, a centralized point of contact for the management of government property.

(5) Specify in SOWs that the contractor is required to submit an annual DD Form 1662, DOD Property in the Custody of Contractors, to the contract administration office and that the contractor is required to notify the requiring activity, in writing, that government property is no longer required and shall be disposed of in accordance with the requiring activity's direction. Specify in the DD 1423, Contracts Data Requirements List, that a copy of the DD 1662 shall be provided to the program manager (or SPAWAR activity, as applicable) no later than 31 October of each year and at the time contracts are closed out and the property balance becomes zero.

(6) Establish procedures for annual screening for retention/disposition and ensure that all excess ST and STE disposal occurs on an expedited basis. Ensure that all storage agreements are separately priced and directly funded.

(7) Ensure that proper close out procedures are followed at contract termination and proper disposition of excess GFP is accomplished throughout the contract period.

(8) Initiate actions, as required, to dispose of any identified excess government property and notify the local PA of the planned action.

(9) Review existing contracts containing government property, at least once each year, to ensure the continued validity of the requirement. A validation date data field shall be included in the automated system for government property and a date entered for completion of the annual validation.

(10) Provide additional information and reports, as required by the SPAWAR CPM.

(11) Approve the issue/reissue of new/old GP for programs or acquisitions in accordance with reference (d). Justification of need for government facilities shall be provided using the format of enclosure (1). Each PD and activity commanding officer or commander will be held accountable by the Commander, SPAWAR, for meeting the Command's justification requirements applicable to new facilities or existing facilities and to extending the authorized period of use of facilities and reduction goals.

(12) Submit an annual summary DD 1662 (enclosure (2)) for all contracts containing government property with contract administration functions performed by SPAWAR headquarters or SPAWAR activity to SPAWAR 221-1 by 15 November each year. A consolidated headquarters/SPAWAR activity response will be forwarded to OASN (RD&A) APIA-PP. This data will reflect government property information as of 30 September of each year.

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(13) As occurring, submit the D&F to SPAWAR 221-1 using the format of enclosure (1). The level of signature will be the Program Director/Technical Director and contracting official one level above the contracting officer.

e. SPAWAR Activity Commanding Officers/Commanders shall:

(1) Evaluate all future program needs in terms of the increased emphasis on the goal of reducing government property accountable to contractors and consider all alternative, cost-effective measures that are available in lieu of providing government property.

(2) Analyze critically those program requirements that give rise to the need for facilities and certify the requirement using the format of enclosure (1). Ensure that no PR, MR or other contractual device containing government facilities is issued without including a signed copy of enclosure (1). The approval for the D&F shall be in accordance with reference (d) and as detailed in enclosure (1).

(3) Establish an automated listing of government furnished property to be provided to contractors, prior to releasing the GFP to the contractor. Minimum data elements in the automated system will include the following: contract number, item name and National Stock Number (if known), quantity, unit price (acquisition or manufacture/fabrication), scheduled date of return, date of annual requirement validation, and date of disposition.

(4) Designate in writing each fiscal year, or as reassignment of personnel occurs, a centralized point of contact for the management of government property.

(5) Specify in SOWs that the contractor is required to submit an annual DD Form 1662, DOD Property in the Custody of Contractors, to the contract administration office and that the contractor is required to notify the requiring activity, in writing, that government property is no longer required and shall be disposed of in accordance with the requiring activity's direction. Specify in the DD 1423, Contracts Data Requirements List, that a copy of the DD 1662 shall be provided to the program manager (or SPAWAR activity, as applicable) no later than 31 October of each year and at the time contracts are closed out and the property balance becomes zero.

(6) Establish procedures for annual screening for retention/disposition and ensure that all excess ST and STE disposal occurs on an expedited basis. Ensure that all storage agreements are separately priced and directly funded.

(7) Ensure that proper close out procedures are followed at contract termination and proper disposition of excess GFP is accomplished throughout the contract period.

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(8) Initiate actions, as required, to dispose of any identified excess government property and notify the local PA of the planned action.

(9) Review existing contracts containing government property, at least once each year, to ensure the continued validity of the requirement. A validation date data field shall be included in the automated system for government property and a date entered for completion of the annual validation.

(10) Provide additional information and reports, as required by the SPAWAR CPM.

(11) Approve the issue/reissue of new/old GP for programs or acquisitions in accordance with reference (d). Justification of need for government facilities shall be provided using the format of enclosure (1). Each PD and activity commanding officer or commander will be held accountable by the Commander, SPAWAR, for meeting the Command's justification requirements applicable to new facilities or existing facilities and to extending the authorized period of use of facilities and reduction goals.

(12) Submit an annual summary DD 1662 (enclosure (2)) for all contracts containing government property with contract administration functions performed by SPAWAR headquarters or SPAWAR activity to SPAWAR 221-1 by 15 November each year. A consolidated headquarters/SPAWAR activity response will be forwarded to OASN (RD&A) APIA-PP. This data will reflect government property information as of 30 September of each year.

(13) As occurring, submit the D&F for Authority to Provide Facilities to SPAWAR 221-1 using the format of enclosure (1). The level of signature will be the Program Director/Technical Director and contracting official one level above the contracting officer.

(14) Ensure that no solicitation, contract, or contract modification containing government facilities is issued without including a signed copy of enclosure (1). The original of the D&F shall be included in the contract file. For indefinite delivery type contracts, the D&F may be made on the initial award vice individual delivery orders.

(15) Consolidate and submit to the SPAWAR CPM on a quarterly basis, copies of SPAWAR certification reports approved during the quarter. Reports shall be submitted no later than five working days after the close of the quarter.

(16) Consolidate and coordinate the information required in this instruction for submission to the SPAWAR CPM as required.

(17) Provide on a quarterly basis to SPAWAR 221-1, a copy of the Government Property Status Report forwarded to the Assistant Secretary of the Navy (Shipbuilding and Logistics).

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(18) Provide a report, in the format of enclosure (4) to SPAWAR 221-1, the Command CPM, by 30 November annually.

(19) Submit in writing any negative responses to reports required by this instruction.

f. SPAWAR Security Officer, SPAWAR 00H, shall, as requested by the SPAWAR CPM, Program Directors/Acquisition Codes and/or SPAWAR activities, review and provide guidance relative to release of government property information on classified (covert) programs.

g. SPAWAR 22 is assigned functional responsibility as Command Property Manager (CPM) and shall:

(1) Serve as an advisor to the ARB on matters concerning government property.

(2) Oversee the implementation of the policy established by this instruction.

(3) Monitor Command compliance with established reduction goals and recommend required actions to the Commander.

(4) Maintain a central file of GP data, including copies of approved enclosure (1) certifications, and serve as a point of contact on all government property matters.

(5) Consolidate information within the command for required internal and external reports.

(6) Maintain a financial record of all SPAWAR government property furnished to contractors.

(7) Analyze summary financial data to ensure compliance with established goals and policy.

(8) Publish and distribute an independent policy instruction to control the access to DOD material inventories by defense contractors.

8. Action. Addressees will comply with the policies, procedures and responsibilities established herein. SPAWAR activities will promulgate implementing instructions within 90 days from the date of this instruction and forward a copy to the SPAWAR Command Property Manager (SPAWAR 22). SPAWAR Inspector General and Command Evaluation and Review officials shall incorporate reviews of the system into inspection planning.


R. H. AILES

Rear Admiral, U.S. Navy

SPAWARINST 4860.14A

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Distribution:

SPAWAR List 2

SNDL Part II:

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SPAWAR 08-511 (10 copies)

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DETERMINATION AND FINDINGS

AUTHORITY TO PROVIDE FACILITIES

SPAWAR ACTIVITY/CODE _____ PROGRAM MANAGER _____

Contract #: _____ Modification #: _____

Procurement Request/Modification Request #: _____

Contractor: _____ COCO _____ GOCO _____

Facilities Contract: Yes () No ()

FACILITIES TO BE PROVIDED TO CONTRACTOR:

Category	Value
Plant Equipment:	
Industrial Plant Equipment	\$ _____
Other Plant Equipment	\$ _____
Real Property:	
Land	\$ _____
Buildings/Structures	\$ _____
Other Real Property	\$ _____

(Note--See the attachment which provides a list of items, item descriptions, item quantities, and item values (unit value and total value) for each category. Values are annotated as either actual acquisition cost or market value.)

Upon the basis of the following findings and determination which I hereby make pursuant to FAR 45.302-1, DFARS 245.302-1, and NAPS 45.302, the Space and Naval Warfare Systems Command shall provide the facilities identified herein to the contractor for use in performance of Contract _____.

Enclosure (1)

FINDINGS

1. The Space and Naval Warfare Systems Command proposes to provide facilities to _____ for use in performance of Contract _____.

2. The facilities to be provided are identified in the attached list.

3. (Insert one of the following explanations):

The financing of the facilities by the contractor was sought but was not available. This is supported by the following facts:

or

The financing of the facilities by the contractor is not considered advantageous to the Government. The reason(s) for this conclusion is (are): _____

4. The contract cannot be accomplished without Government facilities being provided because _____

I certify that the facts and representations contained herein under my cognizance are complete and accurate to the best of my knowledge and belief.

Program Manager

Date

I have determined that this document is legally sufficient.

Counsel

Date

DETERMINATION

It is determined that the contract cannot be fulfilled by any other practical means other than the government providing the facilities identified herein.

or

It is determined that it is in the public interest to provide the facilities identified herein.

Contracting Official

Date

(One level above contracting officer)

Copy to:
Contract file
SPAWAR 221
SPAWAR 02-41

DOD PROPERTY IN THE CUSTODY OF CONTRACTORS

(DFARS 45.505-14)

(See Instructions on reverse before completing this form.)

REPORT AS OF

Form Approved
OMB No. 0704-0246REPORT CONTROL SYMBOL
DD-A&L(A)1007

1. TO (Enter name and address of property administrator)

2. FROM (Enter full name and address of contractor)

3. IF GOVERNMENT-OWNED, CONTRACTOR-OPERATED PLANT,
ENTER GOVERNMENT NAME OF PLANT

4. CONTRACT NO. (PIIN)

5. CONTRACT
PURPOSE6. BUSINESS TYPE
(L, S, or N)

7. OFFICIAL NAME OF PARENT COMPANY

8. PROPERTY LOCATION(S)

9. PLANT EQUIPMENT PACKAGE (PEP No. and use)

a. PROPERTY (Type or Account)	b. BALANCE BEGINNING OF PERIOD		c. ADDITIONS (in dollars)	d. DELETIONS (in dollars)	e. BALANCE END OF PERIOD	
	(1) Acquisition Cost (in dollars)	(2) Quantity (in units or acres)			(1) Acquisition Cost (in dollars)	(2) Quantity (in units or acres)
10. LAND						
11. OTHER REAL PROPERTY						
12. OTHER PLANT EQUIPMENT						
13. INDUSTRIAL PLANT EQUIPMENT						
14. SPECIAL TEST EQUIPMENT						
15. SPECIAL TOOLING (Government Title Only)						
16. MILITARY PROPERTY (Agency-Peculiar)						
17. GOVERNMENT MATERIAL (Government-Furnished)						
18. GOVERNMENT MATERIAL (Contractor-Acquired)						

CERTIFICATION

I certify that this report was prepared under DoD requirements from records maintained under FAR and DFARS 45.5.

19. CONTRACTOR REPRESENTATIVE

a. TYPED NAME

b. SIGNATURE

c. DATE SIGNED

20. DOD PROPERTY REPRESENTATIVE

a. TYPED NAME

c. SIGNATURE

d. DATE SIGNED

b. TELEPHONE NUMBERS (Commercial and Autovon)

GENERAL. The prime contractor shall report all DoD property (as indicated) in its custody or in that of its subcontractors as of September 30 to the Government Property Representative by October 21 of each year. Report zero balances on contracts accountable for DoD property when they close.

REPORT AS OF 30 SEP 19 . Fill in the appropriate year (or other date).

ITEM 1 - TO. Enter the name of the Government Property Representative, the Contract Administration Office or other office the Government Property Representative works for, and the full mailing address (including City, State, and ZIP + 4).

ITEM 2 - FROM. Enter the full name and address of the reporting contractor with the Division name stated after the Corporate name. Use the name as it appears on the contract but omit articles and insert spaces between company names that are made up of letters like B D M International Inc., for example.

ITEM 3 - Enter the Government name of the plant if the plant is Government-owned and Contractor-operated. Leave blank if it is a contractor-owned plant.

ITEM 4 - CONTRACT NO. (PIIN). Enter the 13-digit contract number or Procurement Instrument Identification Number (PIIN) under which the Government property is accountable. Use format XXXXXX-XX-X-XXXX.

ITEM 5 - CONTRACT PURPOSE. Enter one of the following 1-character alphabetic codes to identify the general purposes of the contract:

- a. RDT&E
- b. Supplies and Equipment (deliverable end items)
- c. Facilities Contract
- d. Lease of facilities by the contractor
- e. Maintenance, Repair, Modification, or Rebuilding of Equipment
- f. Operation of a Government-Owned Plant or Facilities including test sites, ranges, installations
- g. Service contract performed primarily on Military Installations, test facilities, ranges or sites
- h. Contract for storage of Government Property
- i. Others

ITEM 6 - TYPE OF BUSINESS. Enter a 1-character alphabetic code indicating the type of business concern:

L = Large S = Small N = Non-profit

(See FAR Part 19 for definition of Small and FAR 31.701 for definition of Non-Profit.)

ITEM 7 - Enter the name of the Parent Corporation of the Reporting Contractor. The Parent Corporation is the one in which common stock has been issued irrespective of whether the stock is publicly traded or not and which is not a subsidiary of another corporation.

ITEM 8 - PROPERTY LOCATION(S). Enter the primary location(s) of the property if it is located at site(s) other than that of the Reporting Contractor, e.g., location of subcontract property or property at alternate sites of the prime contractor. Location is the City, State and Zip of the Military Installation or the Foreign site. Limit input to 69 characters. NOTE: Can be used as a "REMARKS" field.

ITEM 9 - PLANT EQUIPMENT PACKAGE. Enter the Number and Use of a Plant Equipment Package (PEP) if one exists on this contract. Leave blank otherwise. Example: ARMY PEP #570 - 81 mm Shells.

ITEMS 10 - 18.b.(1) - ACQUISITION COST (BALANCE AT THE BEGINNING OF THE FISCAL YEAR). Enter the acquisition cost for each type of property as defined in FAR or OFARS 45.5. The amounts reported must agree with the amounts reported in the previous year for BALANCE AT END OF PERIOD.

ITEMS 10, 12 - 16.b.(2) - QUANTITY (BALANCE AT BEGINNING OF THE FISCAL YEAR). Enter the quantity for all categories of Government property except for Other Real Property and Material on hand at the beginning of the fiscal year. The amounts reported must agree with the amounts reported in the previous year for BALANCE AT END OF PERIOD.

ITEMS 10 - 16.c. - ADDITIONS (in dollars). For the property categories indicated, enter the acquisition cost for the total additions to the contract from any source during the fiscal year. Do not enter for Government Material.

ITEMS 10 - 16.d. - DELETIONS (in dollars). For the property categories indicated, enter the acquisition cost for the total deletions from the contract during the fiscal year. Do not enter for Government Material.

ITEMS 10 - 18.e.(1) - ACQUISITION COST (BALANCE AT THE END OF THE FISCAL YEAR). Enter the acquisition cost for each type of property as defined in FAR or OFARS 45.5.

ITEMS 10, 12 - 16.e.(2) - QUANTITY (BALANCE AT END OF FISCAL YEAR). Enter the quantity for all categories of Government Property except for Other Real Property and Material on hand at the end of the fiscal year. These will be carried forward to reflect the balance at the beginning of the following year.

ITEM 19 - CONTRACTOR REPRESENTATIVE. Type the name of the contractor representative authorized by the property control system to sign this report. This will be the person certifying the report was prepared under DoD reporting requirements from records maintained by the contractor under FAR & OFARS 45.5. Date and signature of person indicated in item 19.a.

ITEM 20 - DOD PROPERTY REPRESENTATIVE. Type the name of the DoD Property Administrator or other Authorized Property Representative, plus that individual's commercial area code and telephone number and AUTOVON number (if one exists). Signature and date.

NOTE TO CONTRACTOR: When reporting more than one contract from the same location and the same contractor, you may elect to fill out Data Elements 1, 3, 6, 7, and 19 only once as long as each form can be readily identified if any form becomes separated from the others. The certification in such cases will apply to all forms submitted whether or not each form is individually signed.

CONTRACTOR PROCEDURES FOR GOVERNMENT PROPERTY

1. Contractor's property management procedures specified in this enclosure apply to contracts awarded by SPAWAR activities and administered by SPAWAR personnel. These procedures do not apply to contracts not administered by SPAWAR, in which case the FAR, DFARS, NAPS and applicable instructions will be followed.

a. Systems Certification Requirement. All SPAWAR contractors are required to have written procedures for the management of government property (GP) prior to SPAWAR's provision of any GP under any contract. These written procedures, along with computer programs for tracking property and requisite personnel, will constitute the contractor's property management system. The system must be approved; i.e., certified as being amenable to the proper management of GP. The certification/approval of the system may be from any DOD component (including DLA) and/or any civilian agency of the federal government (as long as the system meets the minimum requirements established herein). If the contractor does not have a current certification, copies of the contractor's written procedures must be submitted to a SPAWAR activity for approval prior to SPAWAR's issuance of any GP. SPAWAR may grant an interim certification on the basis of these written procedures without an on-site inspection, or conduct an on-site inspection at its option. All contracts encompassing more than \$100,000 of GP will have their property management systems reviewed at least once during the course of a contract (including extension periods/option years).

b. Required Procedures and Data Elements. SPAWAR activities will certify approval of a contractor property management system if it contains and/or meets the following standards/procedures.

(1) Required Procedures. Each SPAWAR contractor shall:

(a) Designate one individual within the contractor's organization to be responsible for the property management function; this individual may be called the property administrator, property coordinator, plant clearance officer or have any other title descriptive of the assigned function. On most contracts this person may have corollary/collateral duties; however, on contracts involving the provision of more than \$10 million of GP, the function must be performed by a person dedicated to the management of government property.

(b) Be responsible and accountable for SPAWAR GP (to include control, protection, preservation and maintenance of GP) and for maintaining the official government records of this GP. The records may be maintained utilizing a manual or a computerized system; however, the required data elements of paragraph 2 below must be included.

(c) Promptly (within 15 days of receipt) add all GP to its records and submit a copy of the records with an acknowledgement of receipt of the GP to the cognizant program director/activity property administrator through the COTR.

(d) Have written procedures which help ensure that GP is used only for authorized purposes and that penalties for employee misuse-- are prescribed.

(e) Perform an annual inventory of all GP, reconcile the results of this inventory to the official records and promptly (within 15 days) report any discrepancies to the designated COTR.

(f) At least once a year (preferably during the annual property inventory), review the continuing need for each item of GP and report any excess GP to the program director/SPAWAR activity property administrator through the COTR. In addition, any GP not currently in use (at any time during the year) shall either be reported as excess or written justification for its retention shall be promptly (within 15 days) furnished to the designated COTR.

(g) Provide financial accounts for GP. The system shall be subject to the contractor's own internal control standards and supported by the property records. For the purpose of accounting, GFP shall be grouped by Federal Supply Code (FSC) and the depreciation schedule (rate) applicable to the particular asset class shall be used to calculate and accumulate depreciation figures. This information shall be provided to SPAWAR 003-2 on an annual basis (as of September 30 of each year) in the format of enclosure (2).

(h) Have adequate procedures to physically safeguard GP records from tampering and/or destruction and procedures to provide access to these records only by authorized contractor and government personnel. These records must provide an auditable trail of all transactions affecting the property, as well as a complete, current record of the GFP.

2. Data Elements

a. Minimum--All Property. The following are the minimum data elements that must be provided for all types of GP categorized as either expendable or non-expendable personal property in each SPAWAR contractor's data records:

(1) The name, description and National Stock Number (if furnished by the government or otherwise available to the contractor).

(2) Quantity received (or fabricated), issued and on hand.

(3) Unit price (and unit of measure).

(4) Contract Number.

(5) Location (or code that signifies the location).

(6) Disposition (i.e., how the property was disposed of).

(7) Posting reference and date of transaction.

The unit price in most records will be provided by the government on the document which transfers the items to the contractor. If not provided, the contractor shall be responsible for requesting it from the government. In situations where the contractor fabricates the item, the price shall be determined by the contractor in accordance with the system established by the contractor in conformance with consistently applied sound accounting principles.

b. Records for Special Tooling (ST) and Special Test Equipment (STE). In addition to the required basic information detailed in 2a, an assigned identification number which is inscribed or engraved or etched on each item of ST or STE shall be maintained by the contractor in the associated property record. Each contractor shall also identify and report the retention category (e.g., assembly tooling, critical spare or replacement part) for each such item, i.e., this information must be a data element in the record.

c. Plant Equipment (PE). In addition to the required basic information detailed in paragraph 2a, records for PE with an acquisition cost of \$5,000 or more shall include Federal Supply Code for the manufacturer (i.e., abbreviation for the manufacturer) Federal Supply Classification (i.e., assigned classification number for the type of property), original manufacturer's model or part number, serial number, year built (when available), government identification/tax number that is inscribed, etched, engraved or otherwise permanently affixed to the item, and acquisition and disposition document references and dates. For PE with an acquisition cost of less than \$5,000, summary stock records may be maintained unless detailed reporting is specified by the Contract Administrator.

d. Industrial Plant Equipment (IPE)

(1) For IPE the DD Form 1342 shall be the property record. The contractor (or grantee) shall prepare a DD Form 1342 for each item of equipment identified as IPE, including items which, though part of a manufacturing system, would otherwise qualify as industrial plant equipment. Section VI (page 2) of the DD Form 1342 will be prepared for each item of IPE with numerically controlled features.

(2) The DD Form 1342, including Section VI, as appropriate, will be prepared in accordance with instructions contained in NAVSUP PUB 5009/DLAM 4251.1, Management of Defense-Owned Industrial Plant Equipment (IPE), at the time (a) of receipt and acceptance of accountability by the contractor; (b) major changes as specified by DLAM 4215.1 occur in the data initially submitted to DIPEC; (c) IPE is no longer required for the purpose authorized or provided; or (d) disposal is completed. The DD Form 1342 will be prepared and forwarded within 15 working days after the events which created the need for its preparation and forwarding.

e. Real Property

(1) Each SPAWAR contractor must maintain records of SPAWAR real property acquired by purchase, lease, or otherwise, (under the contractor's control) that include the following minimum data elements:

- (a) Description
- (b) Location
- (c) Acquisition cost
- (d) All alterations, all construction work and sites connected with such alteration and construction.

(2) The property records, including maps, drawings, plans, specifications, and supplementary data where necessary, shall be complete, show the original cost of the property and improvements and the cost of any changes or additions, and be appropriately indexed (i.e., show where the records are filed).

3. Annual Inventory/Rejustification Requirements

a. Annual Inventory Requirements. Each SPAWAR contractor shall perform a complete physical inventory of all GFP in the contractor's possession at least once each year. The results of each inventory must be reconciled to the contractor's property records which must subsequently be adjusted accordingly. Individuals designated to conduct physical inventories shall not be the same individuals responsible for record maintenance.

(1) Inventory Overages—Any government property discovered during the course of an inventory, which was not previously recorded in the contractor's property records, shall be promptly added to the inventory. All such property must be traced to the receiving documents and the reason(s) why it was not initially added to (or why it was inadvertently dropped from) the records must be investigated and documented by the contractor. If the error is traced to a procedural problem, the contractor's property management procedures must be changed to prevent recurrence.

(2) Inventory Shortages—Any government property which is carried (R) on the inventory records, but which is not physically located during the inventory shall be considered to be an inventory shortage. All inventory shortages shall be investigated and reported to the COTR. The possible causes for inventory shortages include the following:

(a) Property was disposed of, but disposition data was (R) not updated to the property record. If this is the case, the disposition data shall be promptly updated to the property record, the associated documentation shall be filed for possible future review by the SPAWAR property administrator, and procedures reviewed and corrected, as necessary, to prevent future occurrences of the problem. Disposition possibilities include property transferred to another contract, property used in fabrication of other end items of property, property returned to SPAWAR as excess to needs, property worn out and disposed of as scrap or salvage, etc. All such possibilities must have associated documentation somewhere within the contractor's files, i.e., no property may be disposed of by a contractor without proper documentation.

(b) Property was out for repair or out on loan during the inventory and this was not documented by the contractor. If this proves to be the case, the contractor shall review and adjust (or properly institute) hand-receipt procedures for all situations involving the temporary removal of property from its assigned location.

(c) Property was destroyed by natural causes, e.g., fire, earthquake, typhoon, etc. Disposition of property because of such causes shall be updated and documentation to support or substantiate such causes (e.g., fire department report) shall be properly filed.

(d) Property was lost or stolen during the time between inventories. All inventory shortages that cannot otherwise be explained shall be deemed to fall into this category. All such losses of federal property, regardless of value, are to be promptly reported to the local office of the FBI and the local police department. Prior to updating such a disposition to the associated property record(s), the contractor shall write a request for relief of accountability for the property and forward this request with attached supporting documentation to the COTR. All such losses indicate either problems with the contractor's property management system or the security system, or suggest personnel irresponsibility. Repeated requests for relief of accountability for such causes, without substantiated attempts to correct problems, either through enhanced property management and/or security systems or personnel changes, may result in contractors or grantees being held liable for such losses.

b. Annual Rejustification Requirements. SPAWAR is committed to a program of reducing GP. As part of the required annual inventory, SPAWAR contractors shall review the continued need for each item of GP, identify and report all GP which is excess to current/planned need to the COTR and rejustify the retention of all other GP.

(1) Required Reports

(a) Duplicate Reports. SPAWAR contractors shall adhere to all DIA property reporting requirements. Duplicate copies of all such reports shall be concurrently submitted to the designated COTR.

(2) Property Reviews by SPAWAR

(a) SPAWAR will accept the review and approval of a contractor's property control system by any other DOD component (including DIA) or other federal agency based on interagency agreements or conformance with SPAWAR property system review requirements, as applicable. Acceptance of such does not, however, preclude independent review(s) by SPAWAR during the course of a contract (or grant).

(b) SPAWAR property management system reviews will normally encompass a review of both the written property management procedures and at least a physical inventory consisting of checking a random sample of the property records to the actual property and a random sample of property items to the property records.

4. Property Acquisitions

a. Required Approvals. The acquisition of GP on any SPAWAR contract requires prior government approval at the appropriate level.

(1) Property Specified on Request for Proposal (RFP). SPAWAR RFPs that are for requirements that envision either direct provision of GP or purchase, fabrication/manufacture of GP under the resultant contract will generally specify exactly what GP will be provided by SPAWAR or exactly what property may be procured or made for the government under the contract. In such cases, the contract itself will provide the required authorization/approval for the property.

(2) Property Not Specified on RFP. GP not specifically provided for on the initial contract may be acquired only upon receipt of a fully executed contract modification that specifically authorizes acquisition of the property by the contractor.

(3) GP Approvals. Requests for GP must be made to the COTR who will be responsible for obtaining the requisite approvals before requesting the contracting officer to modify the contract for additional GP.

b. Acceptance of Property/Responsibility

(1) Upon receipt of GP, either upon contract initiation or subsequently, the contractor shall immediately perform a complete physical inventory of the property. This inventory will entail an item by item comparison of the property received against the contract documentation that specifies exactly what the contractor was authorized to receive. Any discrepancies, overages, shortages, incorrect serial numbers, etc., shall be noted on a copy of the contract documentation that lists the authorized property. This list, as annotated, is to be signed by the person in the contractor's organization who is responsible for property management and returned to the COTR. All overages are to be segregated and safeguarded pending return to SPAWAR.

(2) The cognizant COTR will review the signed copy of the list and take action as appropriate. The COTR will arrange for pickup of overages and transfer or disposition of this property through the property administrator. The COTR will also arrange for making up any shortages. In addition the COTR will investigate erroneously listed property (i.e., incorrect identification number or serial number) and either authorize use of the property or arrange for exchange, as deemed proper for the particular circumstances.

(3) In signing and returning the property list, the contractor accepts responsibility for the property.

c. Labeling/Marking Property. Immediately upon receipt and verification of GP, the contractor is responsible for labeling/marketing of all nonexpendable personal property to indicate federal government ownership. This shall be in a legible, permanent, conspicuous and tamper-proof method (e.g., decals, plates, stamping, etc.). In addition, plant equipment costing \$5,000 or more must be marked with an identification number, i.e., a unique number to identify the particular item, which may be its serial number, a SPAWAR assigned registration number, or a number assigned by the contractor. The following are exemptions from the labeling/marketing requirement:

(1) Material or plant equipment need not be marked if no other material or plant equipment of the same type costing less than \$5,000 is at the same

location and is owned by the contractor, its employees, or other contractor agencies.

(2) If adequate physical control is maintained over protective clothing, tool crib, guard force, and other items issued to individuals for use in their work, it need not be marked.

(3) If property is of a bulk type, or its general nature of packing or handling precludes adequate marking, it may be excluded from the marking requirement.

(4) If marking will damage ST or STE, or is otherwise impractical, the contractor need not mark the property; instead, the contractor must immediately notify the COTR to notify the designated property administrator who will decide on a course of action.

d. Expendable Property. No expendable GP will be provided to a SPAWAR contractor unless specifically authorized in the contract. Contractors shall control expendable property furnished by SPAWAR in accordance with an approved system of stock record control. This system must provide a balance at a level adequate to meet needs and avoid both overstocking and out-of-stock conditions. The system must provide for continuous review of needs and prompt adjustment of stock levels to changing requirements.

5. Property Dispositions

a. General. No SPAWAR GP is to be disposed of by any contractor without the express written permission of the cognizant property administrator, nor may contractors remove/delete property from the property records without permission from the program director/SPAWAR activity property administrator.

b. Disposition of Excess

(1) During Contract Period. As soon as "good" property with further use value becomes excess to ongoing contractual requirements, the contractor shall segregate the excess into a storage area and prepare and submit a Standard Form 120 (SF 120) to the COTR. The cognizant property administrator will review the SF 120, ascertain the best course of action, and inform the contractor in writing, again through the COTR, of what means of disposition to use. Upon receipt of the written disposition instructions, the contractor will take the required action(s) to dispose of the property and subsequently update the property record(s) disposition field with the appropriate disposition code and file the associated documentation to substantiate property disposition.

(2) At Contract Completion. At the point that a contract or grant has three months remaining, the contractor shall prepare and submit DD Forms 1342 for all GP provided through DIPEC and Standard Forms 120 (SF 120) listing all directly provided SPAWAR GP, other than material-in-process and/or scrap or salvage, to the COTR. The cognizant property administrator will review the forms, ascertain the best course(s) of action and inform the contractor in writing, through the COTR, of the method(s) to be utilized for property

disposition at contract completion. The contractor will follow these instructions and dispose of the property at the time specified, update the property records accordingly, and submit a final property certification to the COTR, indicating that all SPAWAR GP has been disposed of and/or otherwise properly accounted for in accordance with Section 7, Closeout Procedures.

c. Disposition of Scrap/Salvage

(1) All SPAWAR contractors that are furnished GP shall have a written system for disposal of scrap/salvage which is approved by the SPAWAR property administrator or approved by another federal agency as part of the contractors approved property management system. Scrap and/or salvage which is generated from a manufacturing type of application and which has little or no material value and/or has a value estimated not to exceed the cost of segregation, control and disposition, may be disposed of by the contractor in accordance with the contractors regular commercial practice--provided that such practice is in conformance with all legal requirements, especially those related to pollution, environmental protection, hazardous substances acts, etc. Proceeds from the sale of any SPAWAR scrap/salvage must be credited to the contract, unless it is a fixed price contract. If SPAWAR scrap/salvage has not been segregated from contractor scrap/salvage, proceeds are to be credited on a proportional basis.

(2) Property which becomes scrap and/or salvage in the course of normal use; i.e., the property "wears out," and is unsuitable for any use except as scrap, may be disposed of in accordance with the contractor's approved system. Such dispositions are to be promptly updated to property records and the COTR is to be notified in writing, of each item so disposed and of the overall dollar value of the reduction of GP on the contract. Proceeds from such dispositions, if any, are to be credited to the contract. All documentation supporting and substantiating such dispositions is to be filed and held by the contractor in accordance with the standard time period for retention of other contractual documents for audit purposes.

d. Other Dispositions

(1) Lost Property. SPAWAR recognizes that in the course of certain special contractual activities; e.g., moves to a new plant/office, field maneuvers, inclement weather aboard ships, etc., that GP can be "lost" despite the best efforts of the contractor to safeguard the property. When such situations occur, the contractor shall promptly notify the COTR, in writing. The notification shall contain full details concerning the circumstances surrounding the loss and the particular property and shall request relief of the accountability from SPAWAR. The property administrator shall review the request and notify the contractor, through the authorized contracting officer, in writing, as to the decision.

(2) Damaged/Destroyed Property. SPAWAR contractors shall exercise due care and diligence in the use and handling of SPAWAR GP. Contractors that have property that is damaged and/or is destroyed shall promptly notify the property administrator, in writing through the COTR, of the circumstances and the particular items involved. The property administrator will review the

documentation in consultation with the cognizant contracting officer, to determine whether and to what extent liability should apply. Property damaged or destroyed by "acts of God" are generally excused. The determination whether to excuse liability will be made in accordance with the government property clause in the applicable contract.

(3) Stolen GP. SPAWAR contractors shall safeguard GP from theft, to the maximum extent consistent with the property value. Immediately upon discovery of theft of federal government property, the contractor shall notify the local police and the FBI. The contractor shall then notify the COTR, of the particular property stolen, the circumstances surrounding the theft, and the corrective action(s) that the contractor is/will take to help prevent future losses. The property administrator will review the circumstances and notify the contractor, through the ACO, of the decision as to liability. Repeated losses of SPAWAR GP through theft will result in the contractor being held liable for the losses, unless the contractor can prove to the property administrator's satisfaction that the contractor was in no way at fault.

6. Property Transfers

a. General Policy. No SPAWAR GP may be transferred without the express written permission of the contracting officer by a contract modification.

b. To Successor Contract. At the completion of every SPAWAR contract with GP, the closeout procedures in Section 7 must be followed. If GP retention is justified and approved as part of these procedures, the GP may be transferred to a successor contract, either with the same or a different contractor. All property that is to be transferred must be listed on a properly completed and approved SF 122. The sending contractor must fill out the SF 122. The receiving contractor must sign the SF 122 to indicate receipt of the property and return a signed copy to the COTR. The receiving contractor must annotate any corrections; e.g., property item not received, directly on the SF 122. The property administrator will send a signed copy to the sending contractor for substantiation of property disposition. The original contractor may then update its property records to reflect disposition, utilizing the SF 122's ID number as the substantiating document number. The property administrator will have the authority to resolve any disputes concerning either missing property or misidentified property; e.g., incorrect S/N or ID number on the SF 122 and/or on the property.

c. To Other SPAWAR Contracts. As previously addressed, at any point in the cycle of a SPAWAR contract at which a contractor determines that property is in excess of requirements, it will be reported to the COTR, on an SF 120. If the program director/SPAWAR activity property administrator determines that it is in SPAWAR's best interest to reuse this property elsewhere, the property administrator will prepare and send an SF 122 to the contractor. The SF 122 will detail to whom the property is to be sent and include shipping instructions. The contractor will comply with the instructions and await return of a signed copy of the SF 122 from the property administrator prior to updating the property records to reflect disposition of the property. The signed SF 122 will serve as substantiation of disposition.

d. To Non-SPAWAR Contracts and/or Other Agencies. Procedures for transfer of SPAWAR GFP to non-SPAWAR contracts and/or other agencies are identical to those for other SPAWAR contracts, except that the SF 122 may be returned to the contractor by GSA rather than by the program director/SPAWAR activity property administrator or COTR. If this occurs, the contractor must return a copy to the cognizant property administrator for concurrence, a signature and filing.

7. Closeout Procedures

a. Termination Inventory Procedures. As indicated in paragraph 5b(2), each SPAWAR contractor is required to list all GP provided directly by SPAWAR on SF 120s and DIPEC property on DD 1342s and submit them to the cognizant property administrator, three months prior to contract completion. When preparing the SF 120, the contractor will concurrently perform an "initial" termination inventory to ensure that all SPAWAR GP that should be on-hand is indeed in the contractor's possession, and to determine the condition of each item of the GFP. Property items that are to be transferred will be listed on SF 122s which will be included with the disposition instructions. After this property has been transferred in accordance with instructions, an "intermediate" termination inventory will be performed and reconciled. Remaining property will then be disposed of in accordance with Section 7, paragraph c, Disposition Options. After these steps are followed, a "final" termination inventory should result in the conclusion that all SPAWAR GFP has been disposed of. However, any remaining GP must be listed on a final inventory report which must be sent to the property administrator with a request for further disposition instructions.

Note—DIPEC property reported on DD Form 1342 will be disposed of by the contractor in accordance with DLA provided instructions.

b. Requests for Relief of Accountability

(1) All SPAWAR provided GP must be either returned to SPAWAR, (or transferred to another contract/contractor/agency in accordance with Section 7 and properly accounted for, or abandoned, or otherwise accounted for as having been stolen, lost or damaged or worn out/beyond repair.

Additional Note--SPAWAR will pay no storage charges for any personal property either during or after contract completion unless such charges are directly authorized in the contract itself.

(2) Contractors must request relief of accountability for any property which falls into the latter category. As previously indicated, contractors should promptly request such relief immediately upon discovery that property has been stolen, lost, damaged, or worn out beyond repair. Contractors that exercise good property management techniques will usually either not encounter this type of situation, or if they do encounter such situations, will deal with them during the contract period. However, if not dealt with in a timely manner, the contractor must submit a request for relief of accountability for all SPAWAR provided GP that the contractor cannot account for at the end of the contract.

c. Disposition Options

(1) Prior to contract expiration, SPAWAR will normally arrange for transfer of all "good" SPAWAR GP that is required elsewhere in SPAWAR, another DOD component or another federal agency and abandonment of property that has no inherent value and no material content value.

(2) The following disposition options are available to the contractor for all other property (other than DIPEC property which will be disposed of in accordance with DIA instructions). The options are listed in priority sequence, highest to lowest:

(a) Option 1. Purchase or retention at cost by the prime contractor or subcontractor. Proceeds of such sales must be credited back to the contract or sent to the contracting officer via check made payable to the U.S. Treasury.

(b) Option 2. Return to suppliers for full credit less either the suppliers normal restocking charge or 25 percent, whichever is less. Contractors may be reimbursed for reasonable transportation, handling and restocking charges, but not for the cost of the returned property. Under cost-reimbursement contracts, appropriate adjustments shall be made for costs previously reimbursed.

(c) Option 3. Sale (in accordance with the DOD FAR Supplement, Section 245.610) through bidding or negotiation designed to ensure the highest possible return to SPAWAR. Proceeds are to be credited to the contract or sent to the contracting officer via a check made payable to the U.S. Treasury.

(d) Option 4. Items which are not disposed of according to options 1 or 2, and which are offered for sale under option 3, but which cannot be sold, shall, if possible, be donated to eligible recipients which include the following:

- 1 Public Airports
- 2 Service Educational Activities
- 3 Educational, Public Health, and Civil Defense
Institutions and Organizations
- 4 Public Bodies
- 5 Veterans Organizations (Nonprofit)
- 6 Soldiers Monument Associations (Nonprofit)
- 7 State Museums
- 8 Incorporated Museums operated for nonprofit purposes

(e) Option 5. Property which cannot be disposed of by any of these methods; i.e., for which all of the above methods have been tried unsuccessfully, shall be reported to the COTR. The program director/SPAWAR activity property administrator will generally authorize abandonment-at-site for such property.

d. Closeout Property Certification. Within 90 days after the close of every SPAWAR contract, a responsible contract official must submit a certification and DD 1662 to the property administrator stating that all SPAWAR GP has been properly disposed of or returned/transferred in accordance with SPAWAR instructions.

SPAWAR FACILITIES D&F REPORT

1. Total number of contracts containing facilities provided by the government during FY- __:

2. Total number of contracts containing facilities provided by the government during FY-__ for which "Determination and Findings - Authority to Provide Facilities (enclosure (1) to SPAWARINST 4860.14A) has been executed:

3. Total value of facilities provided by the government on contracts awarded during FY- __:

Note: If the response to questions 1 and 2 are not identical, attach explanation/justification.

Signature: _____

(SPAWAR 02/02A will sign for
SPAWAR headquarters;
Commander/Commanding Officer
will sign for SPAWAR Activities)

Date: _____